Media/POS Development

PM USA continues to maintain solid overall leadership in terms of tobacco media spending, with significant dominance in the magazine and outdoor categories. 1991 spending for current established brands is $251 MM and estimated to be $249MM for 1992 including current planned introductions. During the rest of the plan period, industry and PM-USA media spending are expected to remain flat to slightly down, with print declining more significantly than outdoor (in the absence of legislative restrictions). However, it is possible that certain key competitors, most notably RJR, may significantly reduce advertising expenditures for all or part of the plan period to free marketing dollars for other activities. This will allow PM-USA to substantially improve its leadership advertising position, even with some shift of resources from media to promotional programs. The alternative strategy of increasing advertising spending for maximum impact against the core audience will also be analyzed on an individual brand basis.

In the in-store environment, PM-USA will pursue an aggressive unified visibility strategy for Marlboro to insure leadership positioning. In addition, premium and discount brand visibility programs will be implemented consistent with brand retail strategies throughout the plan period.

Issue:

Despite the increasingly promotion-driven and regulated market environment, media and POS advertising will provide a key way for PM-USA to not only differentiate itself from the competition but also provide a leadership position for its brands within the tobacco category. In order to accomplish this, PM-USA must proactively provide maximum creativity, impact and efficiency in all media and POS programs consistent with our leadership position.

Strategy:

Aggressively create new and refine existing media and POS opportunities for maximum impact and efficiency. This will be facilitated by establishing an environment that fosters teamwork and the development of creative alternatives to marketing problems. Within this environment, specific focus will be placed on identifying key media and POS partners and proactively establishing the on-going relationships which will challenge them to maximize creative input in all submissions. In addition, take leadership advantage of all opportunities by fully analyzing and accurately anticipating the actions of competitors and the market.

Finally, refine print, out-of-home and POS planning, negotiation and evaluation systems to insure effectively and efficiently reaching defined audiences in appropriate geographies consistent with brand creative.

Action Plan:

1992-1993

- Develop specific strategies for core media and POS suppliers to insure that PM-USA receives maximum efficiency and creative impact consistent with our leadership position. (1992)

- Implement internal program to generate impactful brand specific media advertising/ promotional/merchandising opportunities for all vehicles. (1992)

- Refine PM-USA/KGF/Miller media negotiating framework to insure maximum on-going rate efficiencies through a focused negotiating strategy and selective use of media vehicles. (1992)

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Source: https://www.industrydocuments.ucsf.edu/docs/hjkm0004

- Complete comprehensive evaluation of all PM-USA out-of-home inventory for maximum impact, efficiency and scheduling flexibility. (1992)

- Integrate in-store advertising evaluation, planning and implementation into the POS Development process. (1992)

- Complete final refinement of computerized media scheduling system (COMPASS) to maximize effective use of Media group personnel. (1992)

- Complete development of and fully integrate a comprehensive competitive media and POS tracking and analysis system to allow for proactive program response. (1992-1993)

- Develop and implement specific out-of-home and in-store space utilization program to allow Operating Companies access to PM-USA inventories to protect continued availabilities of key vehicles. (1992-1993)

1993-1996

- Develop dialogue with Operating Companies to maximize potential for cost efficient multi-media agreements. (1993-1996)

- Fully utilize all media merchandising/promotional opportunities on a PM Companies basis. (1993-1996)

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Source: https://www.industrydocuments.ucsf.edu/docs/hjkm0004

Direct Marketing

Direct Marketing has become a key component of brand strategies for PM-USA. It has grown tremendously in its importance as an integrated marketing element in promoting conversion and a proven tool in delivering incremental volume. The Direct Marketing database contains a large, diverse smoker population which is critical to the support of PM-USA brands' initiatives.

Issues:

- THE MARKETING ENVIRONMENT IS LIKELY TO BECOME MORE RESTRICTIVE DURING THE PLAN PERIOD, INCLUDING ADDITIONAL RESTRICTIONS ON OUTDOOR AND EVENT SPONSORSHIP. THIS NECESSITATES CREATING ALTERNATIVE AVENUES OF REACHING THE CONSUMER. DEVELOPING A SMOKER NAME DATABASE WILL ENABLE US TO EFFECTIVELY REACH A LARGE NUMBER OF SMOKERS.

- THE GROWTH OF THE DISCOUNT BRAND SEGMENT HAS PUT INCREASING PRESSURE ON OUR PREMIUM BRAND SMOKERS. DIRECT WILL BE AN ESSENTIAL TOOL FOR ENGENDERING LOYALTY AMONG OUR CURRENT FRANCHISES.

- VOLUME OBJECTIVES HAVE PUT INCREASING EMPHASIS ON SHORT-TERM INITIATIVES THAT WILL GENERATE INCREMENTAL VOLUME. DIRECTS ABILITY TO REACH SPECIFIC COMPETITIVE TARGETS MAKES IT AN EFFICIENT AND EFFECTIVE TOOL FOR BUILDING BUSINESS.

- AS THE DATABASE BECOMES MORE CRITICAL TO OUR MARKETING PLANS IT BECOMES ESSENTIAL THAT WE PROTECT IT FROM LEGISLATED RESTRICTIONS. OPERATING PROCEDURES AND POLICIES WILL ENSURE THE INTEGRITY OF THE DATABASE.

Strategy:

Continue to develop a database of 50% of the smoking population (25mm - 27mm adult smokers) by gathering names through internal and external processes. Develop new unbranded name generation and requalification techniques that will generate names that will broaden the profile of the database and will fall within our targeted cost per smoker range. Use on-going Brand, Events, and Corporate Affairs efforts which have requalification and/or name generation application.

Action Plan:

1992-1993

- Expand name generation efforts in proven traditional and non-traditional media vehicles.

- Increase presence at major events and use as a source for name generation.

- Improve direct mail packages for requalification and names generation.

- Continue relationship with co-op survey supplier which identifies smokers through surveys delivered through FSI's and direct mail.

- Expand package/carton insert efforts to increase penetration of PM smokers on database.

- Requalify for signature and Date-of-Birth.

1994-1996

- Develop internal sources of smoker name identification and requalification such that external efforts are minimal.

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Source: https://www.industrydocuments.ucsf.edu/docs/hjkm0004

- Maintain presence at all Events for smoker name identification.
- Develop, test and roll-out Philip Morris Companies corporate co-op survey to maintain and enhance each operating companies' database.
- Use Database to impact volume targets.

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Source: https://www.industrydocuments.ucsf.edu/docs/hjkm0004

Promotional Services

Promotional Services' Mission is to develop and deliver Brand consumer programs that can protect existing franchises, build business and enhance brand imagery. Promotion programs are delivered via retail, direct and/or media vehicles.

Issues:

- INCREASING ADVERTISING CLUTTER AND THE RESTRICTIVE MARKETING ENVIRONMENT HAS REQUIRED INCREASING PROMOTIONAL SUPPORT (BOTH ADDED-VALUE AND PRICE-OFF STRATEGIES) TO SECURE BRAND VOLUME OBJECTIVES.

- COMPETITIVE PRESSURES HAVE REQUIRED A STREAMLINE APPROACH TO DEVELOPING AND EXECUTING PROMOTIONS WITH A MINIMUM RESPONSE TIME. A "MENU" OF PROMOTION CONCEPTS WILL GIVE US NEEDED FLEXIBILITY.

- OUR ABILITY TO SUPPORT OUR PREMIUM BRANDS HAS BEEN LIMITED DUE TO OUR FOCUS ON MARLBORO AND DISCOUNT BRANDS. THEMED MULTIBRAND PROMOTION CONCEPTS WILL BE A SPECIFIC NEED IN THE COMING YEARS.

- VOLUME OBJECTIVES CANNOT BE ACHIEVED THROUGH TRADITIONAL RETAIL PROMOTIONS ALONE PLACING MORE EMPHASIS ON A COMBINATION OF MEDIA AND DIRECT EFFORTS.

Strategy:

Build expertise in all areas of promotional services, and working with Trade Marketing, exploit opportunities for local and account specific programs. Continue to support Brand promotion objectives with themed promotions and enhance event sponsorship visibility through retail, media or via direct to leverage event-related tie-in activities.

Action Plan:

- Build promotional expertise internally.

- Identify key external creative resources.

- Build "menu" of creative ideas for field sales.

- Plan promotion programs 9 months to 1 year ahead of time.

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Source: https://www.industrydocuments.ucsf.edu/docs/hjkm0004